

Message Text

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11

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-04 PRS-01 USIA-15 DRC-01 ABF-01 FS-01

AGR-20 /199 W

----- 076985

R 090832Z NOV 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8056

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJ: TOKYO FOREX MARKET DEVELOPMENTS - NOV 5 THRU 9

1. DOLLAR IN SPOT MARKET, AFTER RISING SHARPLY IN PREVIOUS
WEEK, CONTINUED TO SHOW SLIGHT STRENGTHENING DURING MOST
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RECENT FIVE TRADING DAYS. REPRESENTATIVE SPOT DOLLAR

RATE CLOSED ON FRIDAY AT YEN 275.08, TUP YEN 0.08 FROM MON.
TRANSACTIONS DURING THE WEEK WERE IN THE RANGE OF
YEN 274.90 TO YEN 275.08 PER DOLLAR. VOLUME IN THE SPOT MARKET
WAS QUITE HEAVY AGAIN THIS WEEK, WITH THE DAILY HIGH
REACHED ON FRI OF \$233.2 MIL. TOTAL WEEKLY VOLUME WAS
APPROX \$664 MIL. BOJ OFFICIAL DESCRIBED MARKET AS
STILL SOMEWHAT NERVOUS, AND HE CITED EXAMPLE OF THREE-
MONTH FORWARD MOVING TO LARGE PREMIUM OF 9.4 PERCENT
AT END OF WEEK. HE INDICATED TOTAL CENTRAL BANK INTERVENTION
(DOLLAR SALES) THIS WEEK SOMEWHAT MORE THAN \$400 MIL, WITH
BETWEEN \$150-200 MIL SOLD ON FRI ALONE. HE CAUTIONED THAT
DURING NEXT WEEK IT IS ANTICIPATED SHORTAGE OF DOLLARS WILL
CONTINUE IN THE MARKET SINCE DOLLARS REQUIRED FOR IMPORT
PAYMENTS ARE EXPECTED TO EXCEED RECEIPTS FROM
EXPORT BILLS. HE ALSO CITED CONTINUING STRENGTH OF DOLLAR
IN EUROPEAN MARKETS, ADDING THIS ALSO HAS PSYCHOLOGICAL
EFFECT ON OUTLOOK FOR DOLLAR IN TOKYO MARKET.

2. FORWARD DOLLAR RATES STRENGTHENED CONSIDERABLY THROUGH-

OUT WEEK. THREE-MONTH FORWARD (FEB DELIVERY) CLOSED
ON NOV 9 AT YEN 281.50, UP YEN 3.50 FROM MONDAY'S CLOSE. SIX-
MONTH FORWARD (MAY DELIVERY) CLOSED WEEK AT YEN 281.05, UP
YEN 4.05 FROM MONDAY. END OF WEEK CLOSE FOR THREE-MONTH
FORWARD REPRESENTED PREMIUM OF 9.35 PERCENT WHILE THAT FOR
SIX-MONTH FORWARD REPRESENTED PREMIUM OF 4.34 PERCENT.
TOTAL VOLUME IN THE FORWARD MARKET CONTINUED HEAVY AT
\$512.2 MIL, AS COMPARED WITH \$728 MIL TRADED IN FORWARD
MARKET DURING PREVIOUS WEEK. TOTAL VOLUME IN THE SWAP
MARKET REGISTERED \$212 MIL.
SHOESMITH

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Message Attributes

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